

California Physician Corps Loan Repayment Program

2004 Report to the Legislature

Improving conditions which lead to healthcare disparities in California,
including those arising from cultural and linguistic barriers



Prepared by the
Medical Board of California

Vision

A loan repayment program for newly licensed physicians can be a significant step toward increased access to healthcare and a replicable program to be followed by other states. While the immediate goal of the loan repayment program is to provide improved access to healthcare in underserved communities during each physician's three-year obligation, the Medical Board of California also hopes that this three-year period will allow salaried physicians to grow roots in each respective community, remaining where they are working, even after the program's last payment has been made. This vision will be accomplished by sustaining a constant network of 100 physicians in the loan repayment program throughout the state.

This report is being submitted to the Legislature pursuant to Section 2154.7 (b) of the Business and Professions Code, which states, in part, that the Division of Licensing of the Medical Board of California shall report on: "...the experience of the program since the inception, an evaluation of its effectiveness in improving access to health care for underserved populations, and recommendations for maintaining or expanding its operation."

Improved Access to Healthcare

According to the 2000 U.S. Census, more than 34 million people live in California. The largest minority group, representing 33 percent of the total population, is Hispanic, and an additional six percent are African American. Further, 26 percent of all Californians are foreign-born and 40 percent reported speaking a language other than English at home. On a national basis, while Hispanics and African Americans represent more than 25 percent of the population, they comprise fewer than six percent of physicians and nine percent of nurses.

The population of California's medically underserved is growing and has now reached, by most estimates, over six million. Various factors can limit access to critical medical services. Yet beneficial alliances and partnerships can be formed with those who have similar objectives to assist the underserved; the Medical Board of California ("Board") has come to recognize its ability, especially when working in concert with others, to influence the process through incentives and licensing initiatives.

The California Physician Corps Loan Repayment Program ("Program") was created by Assembly Bill 982 (Chapter 1131, Statutes of 2002) and carried by Assembly Member Marco Firebaugh. This bill was co-sponsored by the Board, along with the California Medical Association, the California Primary Care Association, and the Latino Coalition for a Healthy California, to further the Board's charge of consumer protection and to undertake innovative and proactive steps to tackle the significant issue of increased access to healthcare for the underserved.

The Program encourages recently licensed physicians to practice in underserved locations in California by authorizing a plan for repayment of their student loans in exchange for their service in a designated medically underserved area for a minimum of three years. There is a requirement that most participants are to be selected from the specialty areas of family practice, internal medicine, pediatrics, and obstetrics/gynecology; however, up to 20 percent of the participants may be selected from other specialty areas.

The Medical Board of California

Established in 1876, the Board is one of the older regulatory boards in the state, and is primarily supported by fees from licensees. The Board is self-funded and receives no money from the State's General Fund. The mission of the Board is to protect consumers through proper licensing and regulation of physicians and certain allied healthcare professions and through the vigorous, objective enforcement of the Medical Practice Act.

As a state government agency, the Board licenses and regulates medical doctors and other affiliated healing arts professions. The Board provides two principal types of services to consumers: public-record information about California-licensed physicians and investigation of complaints against physicians.

Board membership is mandated by statute. Based on recent legislation, Board membership was expanded by two public members. There are 21 Board members; 12 are physicians and nine are public members. Of the total membership, 19 members are gubernatorial appointees, one is appointed by the Speaker of the Assembly, and one by the Senate Rules Committee.

Board members are assigned to one of two Divisions: the Division of Medical Quality and the Division of Licensing. The Division of Licensing, through its Access to Care Committee, offers oversight of the loan repayment program.

Thinking Outside the Box

The Board has recognized that, beyond its limited statutory mandate, it has a commitment to improving access to healthcare for all Californians. The Board is concerned about the lack of adequate healthcare of the underserved, the indigent, and the uninsured. The Board believes it has an obligation to participate in the growing debate about how to address the problem of access to healthcare and has created a committee of Board members to work on this specific issue. The Access to Care Committee was created to lead the Board's charge in this direction.

Funding: Every Dollar Helps

While there were many co-sponsors of AB 982, only the Board was able to offer the funds required to make the program operational; over \$3 million was placed into an account specifically for the loan repayment program. It is the goal of the Board to enter into loan repayment agreements, as a demonstration that other viable programs can bring culturally and linguistically competent physicians who are properly licensed to offer their healthcare skills to the underserved. This also will allow other assumptions to be measured, including whether the assistance with medical school debt results in the improved retention of physicians in underserved areas beyond the period of their commitment to the program.

The goal of the Board is to secure sufficient funding to provide, within the first five years of the Program, for at least 100 culturally and linguistically competent physicians in areas of need to significantly address the healthcare disparities while the participating physicians are integrated within the system of healthcare delivery to the underserved.

The loan repayment program still is in its infancy. The Board has sought financial support from a variety of sources to enhance and continue this program. There is good potential that this program can become a substantial method of offering financial incentives to physicians on salary who are just getting started and providing improved healthcare to rural and inner-city service areas.

Early in 2004, a donation of \$1 million was made by a private, family-run foundation. During the fall of that same year, a \$500,000 matching grant was awarded by The California Endowment. Further, the Board converted \$450,000 which had been designated for Program workload and staffing into award money; instead, the Board implemented the Program with existing resources.

The California Medical Association has affirmed its commitment to asking for donations as members renew their annual membership, but the Board is not aware that any outreach efforts have begun.

Likewise, the Board also is moving forward with requests for donations as all physicians renew their biennial license; notice was placed in the Board's newsletter, the *Action Report*, asking for contributions. To follow through on this concept, the Board will seek to introduce legislation in 2005 to allow physicians to make a voluntary contribution to the loan repayment program.**

** On February 10, 2005, Assembly Bill 327 (DeLaTorre) was introduced; this bill would allow physicians, when renewing their license, to make a \$50 donation to the loan repayment program.

Fiscal Challenges Faced by Young Doctors

Many culturally and linguistically competent physicians have difficulty practicing in underserved areas because of the heavy debt load that they carry from acquiring their medical education and the fact that many health clinics in underserved areas are unable to match the salaries available at large health systems.

Medical school graduates face significant fiscal obligations which impact their decisions in where to work. According to the American Medical Association (reprinted with their permission), some important facts about medical student loans include:

The average debt for medical school graduates in 2004 was over \$115,000. This is up more than 5% from 2003.

To become licensed, medical school graduates must accomplish residency program training.

Residents' salaries range between \$30,000 – 50,000. At this income range residents are frequently not able to pay their high debt load.

Most student loan borrowers do not qualify for loan deferment due to the strict definition one must meet to qualify for "economic hardship." During loan deferment, student loans are not repaid for a period of one to three years, while the Federal government pays the accruing interest.

When resident physicians do not qualify for deferment, they often seek to put their loans into forbearance. Although the loans do not need to be repaid during the forbearance period, the interest is capitalized (added to the principal owed on the loan) each year.

Over 60% of all graduates have a student debt of over \$100,000.

Assuming a 3-year residency (the minimum length) and a 5% average interest rate, at the end of residency the debt, based on the above figures, will be approximately \$133,000.

The average starting salary for general practitioners is \$117,000; for pediatricians it is \$120,000; for family practitioners it is \$125,000; for internists it is \$128,000.

Repayment of student loan debt is a major burden – the monthly payment for the average debt over the 10 years allowed for Stafford student loans is over \$1,400. This is over 25% of net income.

The above illustrates why so many medical school graduates go into higher paid specialties – the starting salaries are higher and they can better afford student loan repayment.

A consequence of this is the shortage of primary care physicians in many areas of the country.

Another consequence is that physicians have to shun working in public hospitals and in geographic areas where their income will be insufficient to allow payment of student loan debt.

This information has been provided by the American Medical Association and is reprinted with their permission; updated figures provided by Collegiate Funding Services.

2003 Class of Awardees

When the loan repayment program first became law on January 1, 2003, an extensive outreach effort was undertaken to publicize the Program. Over 3,000 mailings were sent to postgraduate training program directors, healthcare clinics, media, and other interested parties. One of the sponsors of the enacting legislation, the California Primary Care Association (CPCA), also notified all community clinics which are members of CPCA.

Although Program applicants were encouraged to find the clinics at which they wanted to work, the Board also offered a Web-based matching service for both clinics looking to recruit physicians and for physicians looking for employment.

The Board was pleasantly overwhelmed at the response to the new Program; over 150 applications were received in 2003. These qualifying applications represented a cumulative request of almost \$13 million in loan repayments. There was significant diversity in the applicants' cultural background, the languages they speak, and the geographic locations of the practice settings.

The laws governing the Program include language to ensure that service is provided to the most underserved areas of the state, and the placement of awardees mirrors that goal. Awards totaling \$3 million were made to 32 physicians working in over 40 practice settings around California. Due to family obligations and professional/career choices, three awardees from the 2003 class withdrew during their first year of service; however, the other 29 awardees (91 percent of the 2003 class) continued into their second year of service.

The map on the following page provides the location of the practice settings served by the 2003 class of awardees; the affiliated list documents the name of the physician and the physician's practice setting. The numbers on the map correlate with the numbers on the list.

(Note: Because the three physicians from the 2003 class who dropped out had completed more than six months of their service, they are included within the statistics of this report.)



California Physician Corps Loan Repayment Program - 2003

Practice Settings Served by Award Recipients
(See Attached List)



* - Multiple practice settings for this recipient.

**Student Loan Repayment Award Recipients
(Listed by Postgraduate Training)**

FAMILY PRACTICE

- | | | |
|--|---|---|
| 1. Beatrice Baez, MD
La Maestra Family Clinic
San Diego | 16. Tamika Henry, MD
Family Clinics of Long Beach
Long Beach | 23. Rakesh Patel, MD
Neighborhood Healthcare
El Cajon |
| 3. Bethany Blacketer, MD
Livingston Medical Group
Livingston | 17. Caroline Kennedy, MD
Clinica de Salud
Salinas | 24. Jose Perez, MD
Central City Community Clinic
Los Angeles |
| 4. Derrick Butler, MD
Watts Health Foundation
Los Angeles | 18. Michael Komin, MD
Aviation Medical
Shafter | 26. Tryna Ramos, MD
Centers for Family Health
Ventura |
| 8. Jessica Diaz, MD
Open Door Comm Health Ctr
Smith River | 20. Andrea Mendoza Mason, MD
Community Health Alliance
Pasadena | 31. Ann Valdes, MD
St. Anthony Free Clinic
San Francisco |
| 9. Joseph Dodge, MD
Brookside Comm Health Ctr
San Pablo | | 32. Wendell Williams, MD
Lower Lake Medical Clinic
Lower Lake |

PEDIATRICS

- | | | |
|--|--|--|
| 5. Will Charlton, MD
Clinica Medica San Miquel
Los Angeles | 13. Sonya Garcia, MD
Mandalay Bay Children's Center
Oxnard | 22. Alfredo Negrete, MD
ABC Pediatrics Medical Group
Valley Family Care Center
El Centro and Calexico |
| 6. Jeff Corral-Ribordy, MD
Eureka Pediatrics
Eureka | 15. Guadalupe Hedrick, MD
Alliance Medical Center
Healdsburg | 25. Maria Galvez Picon, MD
Mission Neighborhood
Health Center
San Francisco |
| 10. Dane Fliedner, MD
The Children's Clinic
Long Beach | 21. Ben Meisel, MD
Santa Barbara Co. Public Health
Lompoc | 30. Shanna Treanor, MD
Clinica Sierra Vista
Bakersfield and Lamont |
| 11. Maia Gaither, MD
Clinica Medica San Miquel
Los Angeles | | |

INTERNAL MEDICINE

- | | | |
|---|---|---|
| 7. Jay Dhiman, MD
Northeast Valley Health Corp
Pacoima and San Fernando | 12. Cecilia Galindo, MD
United Health Centers
Parlier and Orange Cove | 27. Kosala Samarasinghe, MD
Neighborhood Healthcare
Escondido |
|---|---|---|

PSYCHIATRY

14. Shepard Greene, MD
Lassen County Mental Health
Susanville

29. Pamela Swedlow, MD
Community Focus
San Francisco

OBSTETRICS & GYNECOLOGY

28. Janice Stain, MD
Sequoia Comm Health Foundation
Fresno

COMBINED PEDIATRICS AND INTERNAL MEDICINE

2. Rudo Benjamin, MD
Axminster Medical Group
Los Angeles

19. Otto Liao, MD
Breathmobile / Asthma Van
Santa Ana

2004 Class of Awardees

In the spring of 2004, the Medical Board again began an extensive outreach effort. All persons on the Board's mailing list received notification that applications were being accepted and a letter was sent to all graduate medical education offices and program directors at teaching hospitals throughout California. Again, CPCA notified all community clinics which are members of the organization.

The Board received applications from 80 physicians, representing a cumulative request of almost \$10 million in loan repayments. There was significant diversity in the applicants' cultural background, the languages they speak, and the geographic locations of the practice settings. However, only about \$1.6 million was available for distribution and awards were made to 19 awardees working in 25 practice settings around the state. One awardee dropped out of the program shortly after selection, because he was participating in a loan repayment program which precluded participation in any other similar program.

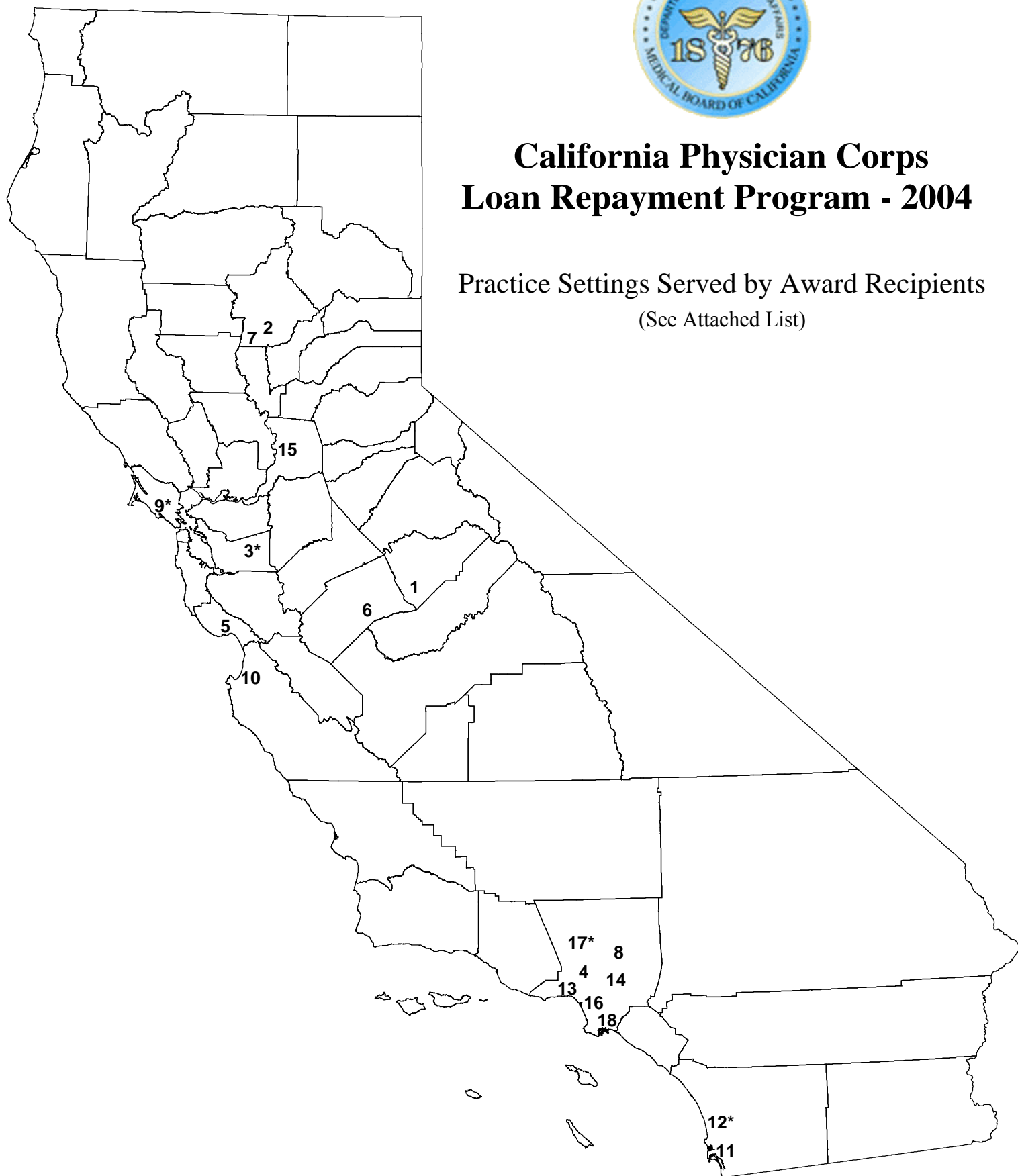
The map on the following page provides the location of the practice settings served by the 2004 class of awardees; the affiliated list documents the name of the physician and the physician's practice setting. The numbers on the map correlate with the numbers on the list.

(Note: Because the physician who dropped out only had worked a few weeks under the Program before giving his withdrawal notice, he is not included in the statistics of this report.)



California Physician Corps Loan Repayment Program - 2004

Practice Settings Served by Award Recipients
(See Attached List)



* - Multiple practice settings for this recipient.

2004 Loan Repayment Award Recipients (Listed by Postgraduate Training)

Numbers Correspond with 2004 Map

FAMILY PRACTICE

- | | | |
|---|---|--|
| 1. Jose Amador, MD
J.C. Fremont Healthcare Dist
Mariposa | 6. Jorge Del Valle, MD
Golden Valley Health Center
Modesto | 11. Paul Hubley, MD
Family Health Centers
San Diego |
| 3. Shaida Behnam, MD
Valley Comm. Health Centers
Pleasanton and Livermore | 7. Leyla Gahrahmat, MD
Biggs Gridley Memorial
Gridley | 13. Tania Medina, MD
Venice Family Clinic
Venice |
| 4. Stephen Chee, MD
Asian Pacific Health Care Venture
Los Angeles | 8. Naeemah Gahfur, MD
Family Health Care Centers
Bell Gardens | 15. Matthew Rosenberg, MD
Sacramento Co Primary Care Cntr
Sacramento |

COMBINATION OF INTERNAL MEDICINE AND GERIATRICS

- | | |
|--|---|
| 9. Colin Hamblin, MD
Coastal Health Alliance
Pt. Reyes, Bolinas, and Stinson Beach | 10. James Helmer, Jr, MD
Natividad Medical Center
Salinas |
|--|---|

OBSTETRICS & GYNECOLOGY

2. Matthew Bazzani, MD
The OB/GYN Clinic
Oroville, CA
12. Suzanne Ching Klaudt, MD
North County Health Project
San Marcos, Encinitas, and
Oceanside

PEDIATRICS

14. Potenciano Paredes, MD
Morningside Primary Care
Los Angeles
17. Ana Saravia, MD
Northeast Valley Health Center
Pacoima and San Fernando
18. Toya Tillis, MD
Wilmington Community Clinic
Wilmington

PSYCHIATRY

5. Shermeil Dass, MD
Santa Cruz Co Health Services
Santa Cruz
16. Christine Salazar, MD
South Bay Children's Center
Torrance

Two Years, 50 Awardees

From Border to Border

The following map documents the geographic diversity of the practice settings served by all of the awardees under the loan repayment program. While there are still some counties that are not being served by program awardees, the Board is proud that those selected are working in many communities throughout California. Assuming that the metropolitan areas of Los Angeles, Sacramento, San Diego, and San Francisco are urban areas, then about 35 percent of the awardees are offering their services in rural areas.

A Wide Range of Experience

The awardees in 2003 and 2004 participated in a wide range of postgraduate training programs. Their area of specialty training was only one of the selection factors considered, but it was an important criterion in consideration of the needs of underserved populations. There is a requirement that most participants are to be selected from the primary specialty areas of family practice, internal medicine, pediatrics, and obstetrics/gynecology; however, up to 20 percent of the participants may be selected from other specialty areas. To date, 92 percent of the awardees were trained in the primary specialties and eight percent of the awardees received their postgraduate training in other specialties.

The breakdown of postgraduate training is as follows:

- Family Practice - 46%
- Pediatrics - 26%
- Psychiatry - 8%
- OB/GYN - 6%
- Internal Medicine - 6%
- Combination of Internal Medicine and Pediatrics - 4%
- Combination of Internal Medicine and Geriatrics - 4%

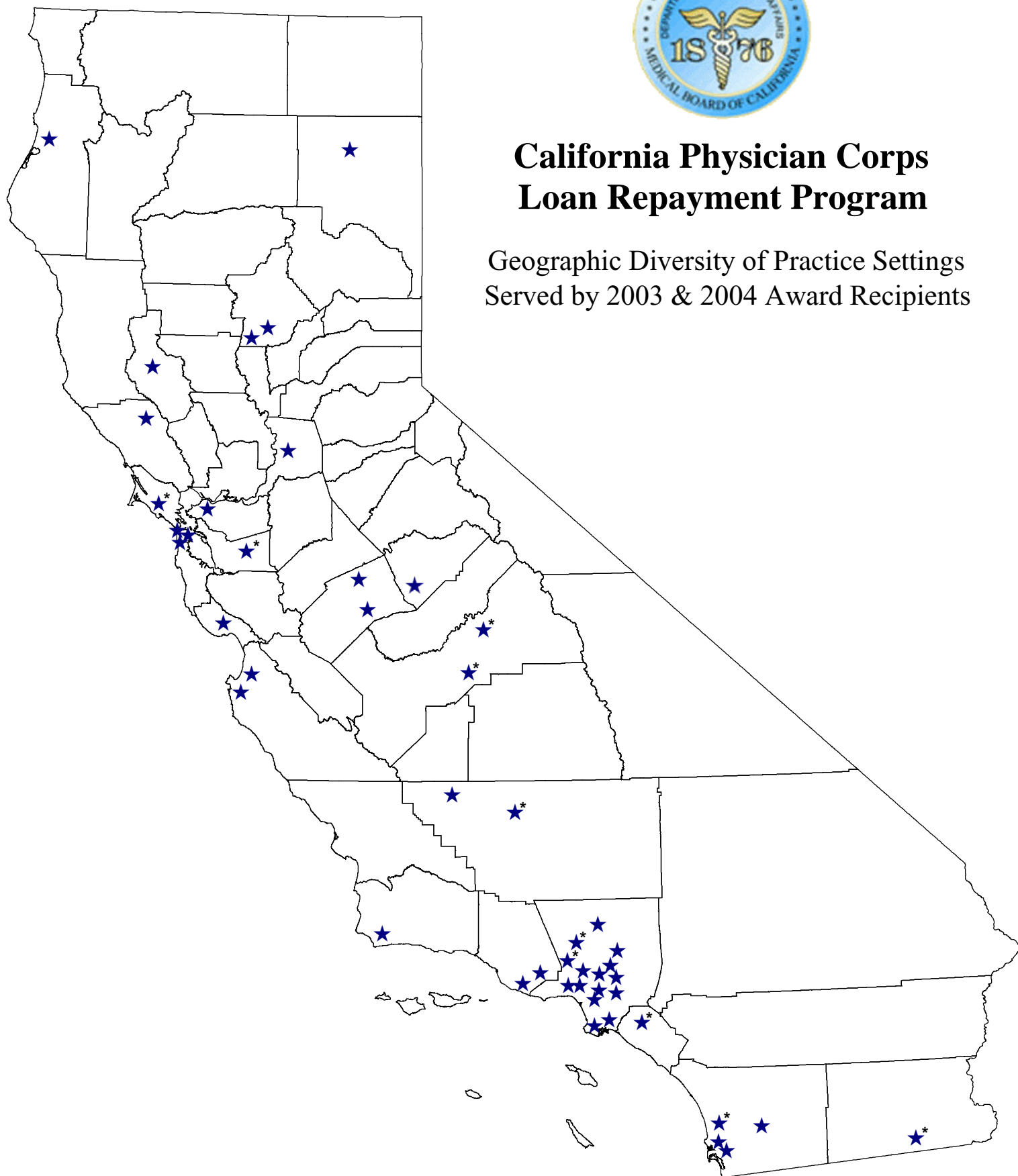
Total Money Granted

The Medical Board of California is proud of the amount of funds awarded to deserving physicians throughout California. During the first two years of the program, awards were made to 50 physicians, of whom 47 remain in the program. Awards of \$4,191,942 were granted to these 47 physicians who are willing to dedicate three years' service to California's underserved populations.



California Physician Corps Loan Repayment Program

Geographic Diversity of Practice Settings
Served by 2003 & 2004 Award Recipients



* - Multiple practice settings for this recipient.

Eligible Practice Settings

Under the Board's loan repayment program, awardees must work in practice settings according to the following criteria:

- (1) the facility is located in a Health Professional Shortage Area (HPSA), or,
- (2) the facility holds a federal designation as one of the following:
 - (A) Community Health Center (CHC)
 - (B) Federally Qualified Health Center (FQHC)
 - (C) Federally Qualified Health Center Look-Alike (FQHC-LA)
 - (D) Rural Health Center (RHC)
 - (E) Migrant Health Center (MHC)
 - (F) Public Housing Health Center (PHHC)

The following matrix documents the avenue used to qualify a practice setting as eligible under the loan repayment program. Because some practice settings are located in a HPSA and they hold a federal designation (or some clinics may hold more than one designation), the total will equal more than the number of practice settings represented by the awardees.

	HPSA	CHC	FQHC/LA	RHC	MHC	PHHC
2003	35	19	23	4	5	1
2004	7	10	7	2	2	2

In an attempt to identify the split between urban and rural practice settings, we estimate that in 2003, about 65 percent of the practice settings serviced by awardees were in an urban area and 35 percent were in a rural area. In 2004, those figures were about 70 percent urban and 30 percent rural.

Medi-cal Threshold Languages

The Medi-Cal threshold languages eligible under the Program include Armenian, Cambodian, Cantonese, Farsi, Hmong, Korean, Mandarin, Other Chinese, Russian, Spanish, Tagalog, and Vietnamese. Program applicants were asked to self-identify the languages which they spoke.

Of the 2003 awardees, 88 percent spoke Spanish, 3 percent spoke Vietnamese, 3 percent spoke Mandarin, and 6 percent did not speak a Medi-Cal threshold language.

Of the 2004 awardees, 72 percent spoke Spanish, 11 percent spoke Farsi, 6 percent spoke Tagalog, 6 percent spoke Cantonese, and 6 percent did not speak a Medi-Cal threshold language.

NOTE: Please note that the statistics in the report are based on awardees and their practice settings at the time of selection. Some awardees have since changed practice settings or dropped out of the Program. Also, due to rounding, some totals may not equal 100 percent.

Long-term Evaluation and Assessment

The Program will need to conduct an evaluation to measure the real returns in the degree of healthcare enhancements that result from this Program. To showcase the success of the California Physician Corps, this report can be presented to the Legislature, addressing the achievements of the Program, ways to extend the Program to clinics in other medically underserved areas, and means for the provision of permanent Program funding.

The short-term goal is to bring culturally and linguistically competent physicians into underserved areas to treat patient populations that do not currently have access to healthcare. The long-term goal is the physician's continued employment in that area, yet the success of this retention cannot be measured until several years down the road.

Some of the issues which will be considered and evaluated will include:

- Number of physicians who continue long-term career working with underserved patients
- Number of annual physician/patient contacts
- Number of culturally and linguistically necessary physician/patient contacts
- Number of physician/patient contacts still requiring interpreter services
- Specialty services offered by each awardee
- Number of urban versus rural practice settings
- Number of patients released from a hospital who now have a doctor for follow-up
- Physician's longevity in the practice setting compared to non-awardees
- Measurable improvement in health indicators

Program Enhancements

For the California Physician Corps Loan Repayment Program to move forward from this stage of infancy, the members of the Medical Board have come to recognize that the program needs to be transitioned to an organization that has the proven expertise and ability to administer the program and to raise the funds needed to keep it going for many years to come. The Board will seek to introduce legislation in 2005 to transition the loan repayment program to a State agency better suited to administer the program. **

** On February 22, 2005, Assembly Bill 920 (Aghazarian) was introduced; this bill would move the program to a nonprofit public benefit corporation, the Health Professions Education Foundation (HPEF), which is under the auspices of the Office of Statewide Health Planning Development. This staff has the long-term proven ability to administer loan repayment programs and raise the funds needed to operate such programs. One of the major disadvantages to having the loan repayment program under the Medical Board is that donations are not tax-exempt; donations to the HPEF would be tax-exempt and would provide a greater incentive for people to make donations.

Program Is Renamed in Memoriam

Assembly Bill 1403/Nunez (Chapter 367, Statutes of 2004) renamed the program the Steven M. Thompson Physician Corps Loan Repayment Program effective January 1, 2005. Mr. Thompson was the former Vice President of Government Relations for the California Medical Association.

FOR MORE INFORMATION

If you would like further information about the Steven M. Thompson Physician Corps Loan Repayment Program, please contact us.

Mailing Address:
Medical Board of California
Physician Corps Loan Repayment Program
1426 Howe Avenue, Suite 54
Sacramento, CA 95825

e-mail:
MDLoan@medbd.ca.gov

Telephone:
(916) 263-2368